

**2/28/77 [2]**

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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL/GDS~~

February 28, 1977

MEETING WITH VLADIMIR BUKOVSKY

Tuesday, March 1, 1977

3:25 p.m. (5 minutes)

The Oval Office

From: Zbigniew Brzezinski

NB

I. PURPOSE

To greet him and exchange a few general remarks.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Bukovsky is a thirty-four year old scientist who has spent much of his life in prison or confinement. He came to world attention for his revelation of Soviet use of psychiatric hospitals for confinement of dissidents. He was released from prison last December in exchange for the release of Chilean Communist Party boss Luis Corvalan. This was arranged by the United States Government.

Bukovsky was first arrested when he was 20, in May, 1963, for possession of Milovan Djilas' book The New Class. He spent fifteen months in a Leningrad prison psychiatric hospital. In late 1965, he was arrested for organizing a public demonstration calling for observance of the Soviet Constitution and in support of the dissident writers Andrei Synyavsky and Yuly Daniel, then on trial. He spent six more months in a psychiatric hospital. In January 1967, after participating in another public demonstration, he was sent to a labor camp for three years. After his release in 1970, he gave well publicized interviews to western journalists exposing the misuse of psychiatric hospitals.

Arrested in March 1971, he was charged with disseminating anti-Soviet propaganda and returned to the mental hospital. Then, in January 1972, he was found sane and tried on the charges. His sentence was two years in prison followed by

~~CONFIDENTIAL/GDS~~

Jing 4/26/89

five years at hard labor -- an unusually harsh sentence. He was serving this sentence when exchanged for Corvalan; his mother, sister and nephew were also allowed to leave with him.

He has been in the United States to attend a dinner in Miami given by the AFL-CIO, and to testify before the Congressional Commission on the European Security Conference.

He can be expected to speak forcefully and emotionally on the abuses of the Soviet penal system, and the naivete of the West in engaging in detente with the Soviet Union. His aim in seeing you and the Vice President is to obtain whatever public commitments he can for US support of the dissident movement, particularly public support, which he, along with Sakharov and others, consider essential to the protection and promotion of their activities.

- B. Participants: The Vice President and Zbigniew Brzezinski.
- C. Press Plan: Press arrangements to be discussed with Jody Powell.

### III. TALKING POINTS

1. I wanted to greet you personally, and say how much we admire your great courage and integrity.
2. I am very happy that you have come to the United States and I am pleased we were able to play a role in the release of your family.
3. I hope you have given the Vice President your views; he is my closest advisor and that is why I wanted him to receive you.
4. I know you have been warmly welcomed in this country, and hope you have enjoyed your travel on the East Coast.
5. As the Vice President has probably told you, we intend to stand up for human dignity and the rights of the individual. We will not be diverted from this principle. It is a position which all Americans profoundly believe in, and expect their government to support, not only in the USSR but throughout the world.

CABINET MINUTES OF MEETING

2/28/77

3/3

THE WHITE HOUSE  
WASHINGTON

Rick

Here are  
the originals.  
Thanks.

for  
file  
pres has  
seen P.

THE PRESIDENT HAS SEEN.

MINUTES OF THE CABINET MEETING

Monday, February 28, 1977

The sixth meeting of the Cabinet was called to order by the President at 9:07 a.m., Monday, February 28, 1977. All Cabinet members were present except Charlie Schultze, who was represented by Lyle Gramley, Acting Chairman of the Council of Economic Advisors. Other persons present were:

Midge Costanza	Robert Lipshutz
Stuart Eizenstat	Bunny Mitchell
Jane Frank	Dick Moe
Rex Granum	Frank Moore
Hamilton Jordan	Jack Watson
Jim King	

The President made the following remarks:

1. The President commented on the extreme seriousness of the drought affecting the western states and said that he had asked Jack Watson to coordinate the Administration's efforts to assist the states.
2. The President stressed the importance of including state and local governments in the formulation of major policy, budget and reorganization initiatives. He is circulating a memorandum on the subject to all Cabinet and agency heads and plans to discuss the matter with the Governors this afternoon.
3. The President announced that the energy reorganization package will be sent to Congress tomorrow.
4. The President urged Cabinet members to complete their staffing of Departmental Congressional liaison positions.
5. The President reiterated his desire to reduce paperwork, on both a governmental and personal level. The President's daily volume of reading is excessive, and he asked the Cabinet members' help in sending him only materials they think he needs to read and in making those materials as concise as possible.

6. The President suggested that Cabinet members call Stu Eizenstat with questions they have about the Administration's policy on a particular issue. On a related subject, Bert Lance will immediately route copies of proposed testimony to Stu and Jack Watson whenever new policy issues are raised in that testimony.

7. The President reported the appointment of Bob Strauss as Special Trade Representative.

8. The President reiterated his concern with the volume and complexity of federal regulations and asked Cabinet members to continue their efforts to monitor the regulation-writing process. Mr. Bergland reported that he had sent back two agriculture regulations for redrafting.

9. The President called on Cabinet members for comments, beginning with the Secretary of State. The following is a summary of matters discussed:

Secretary Vance noted that the State Department has received assurances from the Ugandan government that no U. S. citizens will be harmed. He is continuing to assess whether U. S. observers should be sent to Uganda.

- The Administration's initiatives on human rights are being widely reported in the press.

- The President's and Mr. Vance's meetings with U. N. Secretary Waldheim were fruitful.

- Mr. Vance is testifying today on Arab boycott legislation. The President commented on the sensitivity of the issue and commended Mr. Vance's efforts to consult all affected interests.

12. Mr. Andrus reported that he had met a second time with numerous Governors concerned about the drought.

13. Mr. Califano summarized developments on the hospital cost containment proposal.

- He is sending proposed regulations for the handicapped to all Cabinet members for their information.

- He plans to consult the Vice President, Messrs. Brzezinski and Vance about safeguarding human rights at home.

14. Dr. Brzezinski said that the NSC is doing an overall review of our SALT posture.

- NSC is also undertaking a comprehensive review of all covert intelligence activities and will report to the President shortly with its findings and recommendations.

15. Ambassador Young reported that on March 1st he will assume for one month the Presidency of the U.N. Security Council.

- He noted that the President may visit the U.N. later this month to address a gathering of permanent U.N. representatives.

- Mr. Young indicated that there are considerable delays in clearances for designees for certain Ambassadorial posts. Instead of updating prior clearances, the FBI is redoing the entire check. Mr. Bell said he would check into the situation.

16. The President announced that a 5-person delegation -- including former Senate Majority Leader Mike Mansfield, UAW President Leonard Woodcock and Boston attorney Marian Wright Edelman -- is being sent to Vietnam.

17. Mr. Marshall recommended re-establishment of the Labor/Management Committee which existed under President Kennedy.

- Mr. Marshall briefly outlined the U.S. position on continued participation in the International Labor Organization.

18. Mr. Bell described various problems with LEAA and noted his upcoming meeting with eight governors on the subject.

19. The President reminded Cabinet members of the need to send major legislative proposals with budgetary impacts to the Congress by April 1st.

20. The President reiterated his concern about the efficacy of federal regional offices and stressed the need for a comprehensive analysis of those offices and of the Federal Regional Councils.

21. The Vice President emphasized the importance of attendance by Cabinet members when foreign heads of State appear before joint sessions of Congress.

22. Mr. Blumenthal commented briefly on recent developments in the New York City financial negotiations.



- Mr. Blumenthal also announced that he has stopped certain payments from the Exchange Stabilization Fund and is bringing the ESF under full budgetary control.

- He mentioned his up-coming testimony on the Hill and meetings with Federal Reserve Board Chairman Arthur Burns.

23. Mr. Bergland described DOA's proposal to finance insulation and minor repairs for 4 million poor and near-poor homeowners.

24. Ms. Harris announced that she will designate Deputy Assistant Secretaries to coordinate HUD's intergovernmental affairs and neighborhood assistance programs.

- She is increasing the management role of regional directors.

- She noted that flood insurance activity is up 60% in high risk states.

25. The President indicated that Cabinet members should not be hesitant to conduct merit reviews of civil servants.

26. Dr. Schlesinger pointed out that public comment has been requested on the comprehensive energy plan.

27. The President stated the need to choose new personnel wisely for the TVA.

28. Mr. Lance congratulated the President on the birth of his second grandson.

- He begins testimony on government reorganization before the Brooks Subcommittee on Tuesday, March 1st.

- OMB will finalize today its report on employment ceilings.

- He presented the President with a zero based budget ("ZBB") branding iron, compliments of the Association of Government Accountants.

29. Mr. Adams indicated that the 200-mile limit fishing agreements go into effect at midnight. He described plans for enforcement of the limits by the U. S. Coast Guard.

- He intends to centralize in Washington certain functions -- Congressional relations, public affairs, and legal affairs -- now performed by DOT field offices.

30. Ms. Kreps reported that California tuna fishermen have indicated their intention to seek foreign flag status for their vessels in light of severe restrictions on porpoise kills. The President expressed his concern with the plight of the fishermen and asked Ms. Kreps to review the situation carefully to ensure that the Department's regulations and actions were reasonable and fair.

31. Mr. Brown described the efforts of a House Appropriations Subcommittee to reinstate two defense budget items -- funding for the CVN-71 and the nuclear cruiser "Long Beach." Mr. Brown noted that restoration of these and several other cuts which are being discussed would have adverse implications for the Defense and overall budgets.

He reported that DOD is proceeding, after consultation with the Justice Department and White House Counsel, to expedite status changes for Vietnam discharges.

32. The President indicated the need to limit more carefully those people who have access to sensitive intelligence data.

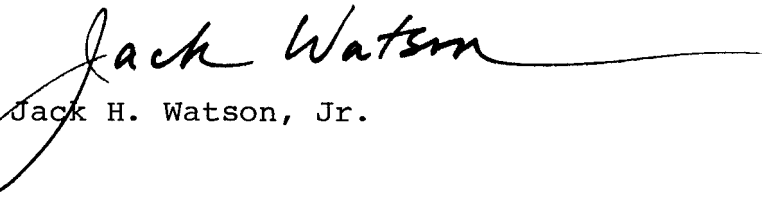
33. The President encouraged Cabinet members to consult with each other frequently and informally on issues of common concern. He reiterated his request for weekly summaries to be delivered to Jack Watson no later than 3:00 p.m. on Fridays and said that the summaries should consolidate as much as possible, information that is now often sent in separate memoranda.

34. The President discussed the importance of the Intergovernmental Affairs function in each department and emphasized his desire to give that function a high priority.

35. Jack Watson said that the meeting with the 50 Governors would begin at 2:30 p.m. in the State Dining Room.

The meeting was adjourned by the President at 11:32 a.m.

Respectfully submitted,

  
Jack H. Watson, Jr.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

PRELIMINARY BRIEFING PAPER FOR  
THE NATIONAL GOVERNORS' CONFERENCE,  
MONDAY, FEBRUARY 28, 1977

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February 22, 1977

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

February 22, 1977

MEMORANDUM TO: THE PRESIDENT  
FROM: Jack Watson *Jack*  
RE: PRELIMINARY BRIEFING PAPER FOR THE  
NATIONAL GOVERNORS' CONFERENCE,  
MONDAY, FEBRUARY 28, 1977

I am attaching the following documents:

- (1) Proposed agenda for the Monday afternoon meeting with the Governors.
- (2) An outline of talking points for you on the Reorganization/Intergovernmental Management topic which I recommend that you handle personally.
- (3) A Proposed Presidential Instruction to Departments regarding State and local involvement in future development of policy and the budget.
- (4) A summary of the recently released National Governors' Conference Report entitled "Federal Roadblocks to Efficient State Government." (Pat Lucey was Chairman of the Committee that drafted the report.)

Seven Cabinet members have made specific suggestions for the agenda. Since the meeting with the Governors is scheduled for only two hours, I think it would be best for you simply to comment briefly on whichever issues you think should be raised (such as your initiatives on the drought situation), rather than to open the floor for discussion on each one of the suggested items. If we don't focus the discussion on the principal topics, the session will be so general and superficial it will be of little value to anyone. The items noted by the Cabinet members are as follows:

Brock Adams: Brock suggests that you ask if there are major systemic or administrative problems with specific federal grants. He also urged that you stress the importance of the Governors' establishing priorities of need, since our resources are limited, and constant "trade-offs" must be made.

Cecil Andrus: Cecil recommends that you ask the Western Governors about the economic and other impacts of the drought. /I am submitting to you separately some recommendations about actions we might take to coordinate federal efforts on drought relief. Next Monday would be a good time for you to announce your initiatives on the subject. We want to avoid getting into a long discussion of how severe the droughts are in the various States; there is no question that they are severe. The important thing is for the Western and Upper Plains States' Governors to know that you are aware of the problem and are acting to do something about it./\*

Harold Brown: Harold suggests that you make a statement to the effect that our efforts to trim "fat" from the defense budget will necessarily result in actions to streamline our military base structure. /If you do so, you should assure the Governors that decisions will be made only after thorough study, and that programs will be developed to minimize adverse impacts on employees of those bases. I question whether it would be wise to raise this issue. We can't be specific yet, and it's not a subject that will be happily received by the Governors, particularly when they have no idea which ones of them will be affected./\*

Ray Marshall: Ray suggests that we seek the Governors' reactions to CETA and ask their views on whether funds should be focused on hardcore or cyclical unemployment. /Again, I question whether we need to address this issue separately. It will naturally arise in the context of the budget discussion./\*

Griffin Bell: Griffin would like the Governors to appoint a group to work with him on development of a national criminal justice policy. He wants a couple of minutes to explain what he wants to do.

Joe Califano: Health care cost containment.

LEAD  
Regional Comm  
Offices

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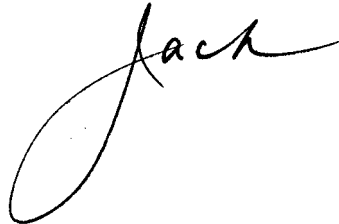
Mike Blumenthal: Economic stimulus package. /Note: We are not really ready to discuss revenue sharing in any detail. No director has been named yet in Treasury and we're not up to speed on the subject./\*

\* The bracketed portions above are my comments.

In addition to the Monday afternoon session, various Cabinet Secretaries will be meeting with committees of the Governors' Conference; Stu Eizenstat and I will attend the Executive Committee meeting; and my staff will attend additional sessions, as appropriate. I shall also meet briefly with the Chairman of each NGC standing committee during the week, as well as with other key Governors.

I have suggested that the meeting with the Governors take place in either the East Room or the State Dining Room, and that it be set up at an oval table large enough to seat all participants. I also suggest that the Cabinet members be interspersed among the Governors around the table so as to keep away from an "us" and "them" atmosphere. I know you would prefer an easy informality for the session and think that this approach would facilitate that aim.

Respectfully,

A handwritten signature in black ink, appearing to read "Jack", with a large, stylized loop at the bottom left.

P.S. If you agree with the following proposals, we could take action on them at the Monday morning Cabinet meeting.



PROPOSED AGENDA

The three topics listed below were selected after consulting with Reuben Askew. Other areas of concern to the Governors, e.g., welfare reform, health insurance, CETA, public works programs, etc., will, of course, be raised in the context of these major issues.

2:30 P.M.	Welcoming remarks by the President	
2:35	<u>Reorganization and Intergovernmental Management</u>	The President
2:45	General Discussion	
3:15	<u>The FY 78 Budget</u>	Bert Lance
3:25	General Discussion	
3:55	<u>Energy Policy</u>	James Schlesinger
4:05	General Discussion	
4:35	Closing remarks by the President	
4:45	Adjournment	

*2:55  
Intergovernmental  
Reorg  
Reports  
Reg Off  
Reg Comm  
LEAA  
Energy, Welfare  
and Combat  
(1000, etc.)*

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Attachment I





Suggested Talking Points on Reorganization  
and Intergovernmental Management

- I. Several of my most important initiatives will impact substantially on state and local governments:
- a. Zero base budgeting in the FY 78 budget
  - b. Development of a national energy policy
  - c. Reorganization of the federal executive branch
  - d. Reduction and simplification of Federal regulation
  - e. Implementation of the economic stimulus package
- II. I have a strong commitment to recognize the federal-state-local partnership by providing for regular state and local input on policy making, budgeting, program implementation and program evaluation.
- III. I shall take some of the following specific steps to achieve these goals. All of these steps respond to problems which were identified in the NGC report on "Federal Roadblocks to Efficient State Government" prepared by Governor Lucey's Committee.
- A. Intergovernmental Management Reorganization.
- (1) I have instructed each Cabinet Secretary to include a review of the intergovernmental operations of their departments as part of an intra-departmental reorganization process. I have asked that they coordinate more fully the processes dealing with:
    - \*state and local input into regulation writing;
    - \*operations of the Department's regional and field offices;
    - \* administration of federal aid programs.In order to ensure that these concerns are met, I have asked each Cabinet Officer to designate a senior Department official to be responsible for intergovernmental matters. Jack Watson will send you the names of these individuals as soon as they are selected.

- (2) I have instructed Jack Watson, and Harrison Wellford at OMB, to commence a comprehensive review of the federal regional offices. A revitalized Under Secretaries Group will serve in an advisory capacity. The study will include:

- \* A look at the FRC's to be completed within 90 days;
- \* A review by each Department of its own regional activities. In those cases where inter-agency collaboration is called for, Jack Watson will convene the appropriate Cabinet Secretaries or their deputies to coordinate their actions.

State and local officials will be included in the review of regional operations as full participants. I have asked Jack to invite state and local staff to work alongside federal staff on the project as partners in the effort.

- (3) I have also asked Jack and Harrison to work toward a more vigorous compliance with the OMB circulars.

B. Red Tape/Regulation.

- (1) As part of a comprehensive attack on excess federal regulation, we will review the overlap, duplication and conflict in separately administered federal aid program requirements -- including a look at conflicting interpretations of terms, such as equal employment, citizen participation, and environmental impact. We are using the first volume of the Lucey Report as a resource in this effort.
- (2) We are conducting a review of the way each Department writes regulations for federal aid and other programs. Problems addressed will include:
- \* Excessive delay in promulgation of regulations;
  - \* Inadequate opportunity for state and local input into the drafting process;
  - \* Conflicting requirements between new regulations and existing regulations and practice.

- (3) The Joint Funding Simplification Act is not working:

- \*too few applications;
- \*too little Departmental and OMB support;
- \*long delays in processing;
- \*too much unwillingness by the Departments to waive duplicative grant requirements so that recipients will not have to comply with both the Joint Funding and categorical requirements.

I intend to make the Joint Funding process work. In the meantime, I have asked Jack Watson to work with OMB and the Departments to see that the pending Joint Funding applications get expeditious treatment.

C. The Budget Process and Policy-Making.

- (1) State and local government participation in the federal budget process has never been adequate.
- (2) Because of the unique "1st year" time constraints, it was not possible for us to consult adequately with state and local governments in making our changes to the Ford budget for FY 78. There will be substantially more state and local participation in preparations of the FY 79 and later budgets.
- (3) I have instructed the head of each executive department and agency to include in the future an opportunity for significant state and local participation in developing all major proposals concerning the Administration's policy, budget or reorganization. I have indicated that I will not consider any major submission which affects state and local governments unless it includes a brief description of the consultation process and a summary of the major state and local comments.



Proposed Memorandum for the  
Heads of Executive Departments  
and Agencies

---

Throughout the campaign and transition period, I made a firm commitment to state and local officials that they would be involved in the development of my Administration's policy and budget priorities and programs. I pledged that such consultation would occur at the earliest possible stages in order to make it significant and fruitful.

That kind of state and local involvement is critical to the ultimate success of this Administration because:

- \* State and local sectors constitute the delivery mechanisms for most of the actual services the federal government provides;
- \* State and local concerns, as well as their expertise, should be considered as programs are being developed in order to ensure the practicality and effectiveness of the programs;
- \* Such early participation by state and local officials in our planning processes will help ensure broad-based support for the proposals that are eventually developed;
- \* It will ensure that priorities developed at the federal level will work in conjunction with, and not at cross purposes to, priorities at the state and local level.

In order to assure that these objectives are met, please include in any major policy, budget or reorganization proposal which has significant state and local impact, a brief description of how you fulfilled this commitment on my behalf.\* It is not necessary to hold large and time-consuming public hearings, or to establish large task forces to accomplish this goal. Selecting state and local officials expert in a particular issue and asking for their assistance in developing a program will often serve our purpose.

The most important part of this consultative process is that it be genuine and timely.

Attachment III

- \* OMB prefers that this statement not include specific reference to "budget or reorganization" proposals. I disagree.



SUMMARY OF THE NGC REPORT --

FEDERAL ROADBLOCKS TO  
EFFICIENT STATE GOVERNMENT

The recently released two volume report on federal red tape is the product of several months of work by the NGC Committee on Executive Management and Fiscal Affairs. Governor Pat Lucey chairs the Committee, and the report closely follows a look at red tape which Governor Lucey ordered in Wisconsin. The Governors' Conference regards the "Federal Roadblocks" report as a basic blueprint for improving federal-state relations in the years ahead. I suspect that Governor Lucey will take the lead in responding to your remarks on reorganization and intergovernmental management, and that his and other comments will be couched in terms of the federal roadblocks report.

Volume I of the report catalogues examples of six kinds of federal-state problems, as follows:

- (1) Lack of federal coordination in program administration;
- (2) Federal executive exceeding property authority;
- (3) Federal regulations too oriented toward methodology rather than results;
- (4) Excessive reporting and paperwork requirements in federal programs;
- (5) Delays in funding and program implementation;
- (6) Uncoordinated policy regarding methods for determining indirect program costs.

Volume II offers seventeen specific suggestions for dealing with the problems described in Volume I. The suggested federal actions generally deal with:

- (1) Early and continuing consultation with state and local officials;
- (2) Managing the bureaucracy for intergovernmental programs;



- (3) Improving budget coordination;
- (4) Coordinating federal and state planning;
- (5) Providing for a better information exchange.

The actions I have included in your suggested talking points (Attachment 2) address many of the problems covered in the Federal Roadblocks report. It is interesting to note that at no point in the reform agenda contained in Volume II is there a single suggestion requiring a change in state practice or in the practice of the National Governors' Conference.

Notes - Cabinet

2-27-77

THE WHITE HOUSE  
WASHINGTON

- > Drought
- > Mid E.
- > Energy reorg
- > Policy - Stu
- > STR. Strauss
- X Weekly reports ?
- > Regulations - read ?
- Yacht
- > Water projects
- > Paperwork to me 125/470
- > Staff up Long Liaison
- > Gov mty . drought . it/local
- > Winterize rural homes - Dept of
- > Pressure - insulation - Harris
- > Long range goals
- > Tuna / porpoise - Keys

1.2  
del 11/2/78/77

THE PRESIDENT HAS SEEN.

OK  
JC

The President interpreted Senator Inouye's remarks to mean that his committee was doing what we do here in the White House, i.e. listen to what our colleagues are saying when a sensitive matter is being discussed so we can caution each other if any remarks or comments tend to violate security. **THE V.P. INTERP. THE REMARKS IN A SIMILAR FASHION,**

The President never interpreted his remarks to imply, in his words, "anything so ridiculous" as having Senators or staff placed under surveillance ~~without their~~ knowledge by the FBI or the CIA.

As soon as Vice President Mondale learned that this interpretation was being placed on the remarks, he checked with the CIA and the FBI.

They state categorically that no such surveillance is or has been underway. Their only activity in this area is to routinely inform those officials with extensive access to highly classified material if normal intelligence material ~~should even indicate that~~ indicates, they may have been targetted by foreign intelligence agencies.

WE UNDERSTAND THAT THE <sup>??</sup>SSCI HAS ALSO CHECKED W/ THE FBI & CIA AND CONFIRMED THE V.P.'S FINDINGS.

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2/25/77

Today the Chairman and Vice Chairman of the Senate Select Committee on Intelligence issued the following statement:

The Committee has been informed of allegations that the committee chairman has requested U.S. intelligence agencies to place committee members and committee staff under surveillance.

The fact is, that in accord with S Res 400 and pursuant to applicable provisions of law, the committee has requested that the CIA, which has responsibility for US government intelligence activities abroad, and the FBI, which has responsibility for intelligence in the US, promptly informed the committee of information regarding the activities of foreign intelligence services, which are directed at members of the committee and committee staff.

The committee has been in touch with the CIA and FBI and those agencies confirm that no surveillance has taken place.

\_\_\_\_\_

summary ~~mand~~  
to Pres.

\_\_\_\_\_



THE SECRETARY OF THE TREASURY  
WASHINGTON

February 24, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: W. Michael Blumenthal

I have talked to former Vice President Rockefeller about his trip to the Middle East during March. His Secret Service protection having been terminated on February 22, we agreed that he would be using his own privately-employed protective staff and that no Secret Service protection would be necessary for his forthcoming trip. I did offer to alert our Embassies in the countries he is visiting with a request to cooperate and to assist his security people to the maximum extent possible.

Mr. Rockefeller fully understands the situation and is appreciative of what we have done.

W. M. Blumenthal

WMB:1a

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

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INFORMATION

28 February 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *RH*  
SUBJECT: Memoranda Not Submitted

1. Fallows memorandum on two personal matters:
  - a. alerting you about a Washington Post story by Bill Greider which may portray Fallows as a "lone pondering moralist" or a "Soviet dissident type" within the Administration. Fallows says he didn't try to give Greider that impression, but that Greider is an old acquaintance.
  - b. requests permission to use the tennis court. Fallows says he played on the high school and college teams, and used to play tennis every day.
2. Blumenthal advises that he talked with Rockefeller about the former Vice President's March Middle East trip. The two agreed that, Rockefeller's Secret Service protection having been terminated, he will use his privately-employed protective service on the trip. Blumenthal will request that US embassies cooperate and assist with Rockefeller's security as possible. Rockefeller understands and appreciates the situation.

THE WHITE HOUSE

WASHINGTON

Date: February 28, 1977

MEMORANDUM

**FOR ACTION:**

The Vice President  
Midge Costanza  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

**FOR INFORMATION:**

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Stu Eizenstat memo 2/24/77 re The Report of the President's Commission on Olympic Sports.

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 10:00 A.M.

**DAY:** Wednesday

**DATE:** March 2, 1977

**ACTION REQUESTED:**

☒ Your comments

Other:

**STAFF RESPONSE:**

☐ I concur.

☐ No comment.

*Please note other comments below:*

*file  
returned to Stu  
not given to P  
P.H.*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



FOR ACTION:  
The Vice President  
Midge Costanza  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

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TIME: 10:00 A.M.

DAY: Wednesday

DATE: March 2, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*Is this not one of those  
matters which could be deferred  
for a few weeks?*

*RJ*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

FOR ACTION:  
The Vice President  
Midge Costanza  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore ✓  
Jody Powell  
Jack Watson

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TIME: 10:00 A.M.

DAY: Wednesday

DATE: March 2, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

February 24, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *SE*

SUBJECT: The Report of the President's  
Commission on Olympic Sports

Inquiries have been received from the Congress, the press and others concerning your position on the recently published report of The President's Commission on Olympic Sports (the PCOS).

The scope of the report is broad, containing proposals relating to amateur sports in general and the 30 Olympic sports in particular. Major recommendations are: 1) establish a non-governmental central sports organization to coordinate U.S. amateur sports programs; 2) improve methods of financing amateur sports and procedures for settling athletic association franchise disputes; 3) encourage sports programs for the handicapped and women; and 4) enact an athletes' bill of rights, a law intended to minimize restrictions on an athlete's ability to participate in international level competition. Legislation will be introduced by Senators Stone, Stevens and Culver to implement these recommendations, but has not yet taken final form.

Because of expressed Congressional concern about your position and in light of your recent approval of federal financial support for the 1980 winter Olympics, it seems appropriate for you to indicate a general position on the PCOS Report. If you agree, I suggest that there be sent to the PCOS a letter (for publication) in which you (a) praise the Commission for its work in focusing national attention on the importance of amateur sports and on the problems which plague our national amateur sports programs, (b) support in a general way, problems relating to amateur sports programs, and (c) express hope that more people will be stimulated to become involved in sports and physical fitness programs.

You should not take a position on the specific conclusions of the report, many of which are highly controversial. We should let Congress take the lead on legislation in this area. Later, as views coalesce on the Hill, and the interests of the various groups become evident, we might be more specific. A general statement now will relieve the pressure for a more specific position.

Should I draft such a general statement for your review?

\_\_\_\_\_Yes

\_\_\_\_\_No

\_\_\_\_\_See Me

THE WHITE HOUSE  
WASHINGTON

ACTION	FYI	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
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<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	WATSON

- ☒ FOR STAFFING  
☐ FOR INFORMATION  
☐ TO PRESIDENT  
TODAY

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	<input type="checkbox"/>	BUTLER
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<input type="checkbox"/>	<input type="checkbox"/>	B. MITCHELL
<input type="checkbox"/>	<input type="checkbox"/>	B. RAINWATER
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<input type="checkbox"/>	<input type="checkbox"/>	WELLS
<input type="checkbox"/>	<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

February 25, 1977

MEMORANDUM TO: THE PRESIDENT  
FROM: JACK WATSON  
RE: CABINET SUMMARIES FOR WEEK  
OF FEBRUARY 21 - 25, 1977

I am attaching summaries received from the following  
Departments:

CEA

HEW

TREASURY

In addition, Brock Adams requests that the subject of  
the Coast Guard enforcement of the 200 mile fishing limit  
be discussed. This will go into effect on March 1.

Attachments

*None of the other summaries  
is in as of the time  
for your departure for Camp  
David - despite calls this  
morning reminding all the  
Secretaries of your comments  
on this subject last Monday -  
at the Cabinet meeting -*

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*Respectfully,  
Jack*

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

February 28, 1977

Jack Watson for  
handling with the Cabinet

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Vice President  
Stu Eizenstat  
Ham Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell

Re: Cabinet Summaries

"DETERMINED TO BE AN ADMINISTRATIVE MARKING  
CANCELLED FOR D.O. 10070, SEC. 1.3 AND  
10070, SEC. 1.3, 1983"

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

February 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

SUBJECT: Weekly Report on Activities of the CEA

1. We are reviewing and updating our inflation forecast for 1977.

*Let's keep pressure on to hold it down*

**PROBLEM:** The underlying rate of inflation is still between 5 and 6 percent. We did better than this in 1976 (4-1/2 to 5 percent) principally because food prices were stable. Food prices will rise in 1977, and somewhat more than we had thought, because of the cold weather. Between the end of 1976 and the end of 1977 the price index for all goods and services (the "GNP deflator") will probably rise by more than 6 percent. And in the next four months -- as the weather-induced rise in fuel and food prices are reported -- the rate will almost certainly be higher than that. After mid year the rate of inflation should settle down a bit, barring bad news from the West and mid West drought.

The accelerated rise in the next several months may be misinterpreted by the financial community as something more fundamental. I plan to make some talks on the subject, and will ask Bert and Mike to do the same.

2. Review of the Domestic Effects of Trade Policy Decisions.

You will shortly be facing decisions in a number of important international trade cases (shoes, sugar, specialty steel, color TV, etc.). Taken as a whole, the potential impact of granting some form of tariff or quota relief in these cases will have important effects on the overall economy:



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- (i) greater price rises
- (ii) the Federal Reserve would not expand the growth of the money supply to accommodate higher prices, and so the higher prices would lead to higher interest rates and then to lower employment.

We are collecting information on the individual trade cases, and will use several large econometric models to estimate the impact on inflation and employment of alternative decisions about these cases. C

3. Interagency Review of the Economic Impact of Major Regulatory Decisions.

*Do it at least on those I have to approve - then if possible*

We are proposing to the Economic Policy Group a procedure whereby the most important regulatory decisions with large economic consequences, are reviewed in advance of issuance, by a committee of the EPG. The EPG would then advise the Secretary of the Department of its findings about economic impacts. We expect that perhaps 15 to 20 such reviews might be conducted each year. (This proposal has not yet been discussed and agreed upon by the EPG).

PROBLEM: Some agencies, their congressional supporters, and outside interest groups may complain that we are unduly interfering. I think if we keep our functions as one of "advising" the agencies (and you), we can withstand such criticism.

4. Personal note:

*Jim sorry J.*

My nephew (age 18) died after a heart operation. I will be in New York Monday morning for his funeral and will, unfortunately, miss the Cabinet meeting.

Monday night I leave for a one day meeting of the Economic Policy Committee of the OECD in Paris. I will be back Wednesday afternoon. (The CEA Chairman traditionally attends this meeting and, in any event, it will be a useful listening post to gather views about the Summit.)

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THE PRESIDENT HAS SEEN.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

February 25, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on important activities within the Department of Health, Education, and Welfare.

IMPORTANT CONGRESSIONAL ACTION

Hospital Cost Containment Legislation

I have established a task force on technical, political, press and Congressional fronts so that we can send to you hospital cost containment legislation within three to four weeks and get it enacted this year. I meet briefly each morning with the group. I anticipate complex negotiations with providers, payors, beneficiaries, the Congress and other interested parties. This will be a major legislative initiative of the Administration, and it will require a corresponding expenditure of political and moral leadership from you as well as me.

FY 1978 Budget Testimony

- . General: On Tuesday, March 1, I will testify before the House Labor-HEW Appropriations Subcommittee on the FY 78 budget for HEW as amended by your recent recommendations. On Tuesday, March 8, I will testify before the Senate Labor-HEW Appropriations Subcommittee.
- . Health: Dr. Jim Dickson, Acting Assistant Secretary for Health, will testify on Monday, February 28, before the House Subcommittee on Appropriations for Agriculture and Related Agencies on the FY 78 budget for the Food and Drug Administration. His statement will include comments on the health status of the American people and the priority programs of the Food and Drug Administration.

### Testimony on FY 1977 Supplemental Appropriations

- . Public Assistance: The Senate HEW-Labor Appropriations Subcommittee will hold hearings on an HEW FY 77 supplemental appropriations request on Tuesday, March 1. The Social and Rehabilitation Service seeks an additional \$1.255 billion for public assistance and an additional \$6.3 million to expand the audits of the Medicaid Fraud and Abuse Program and the Child Support Enforcement Program.

### Other Testimony

- . Fraud and Abuse: On Thursday, March 3, I will testify before a joint meeting of the Subcommittee on Health (Rostenkowski) of the House Committee on Ways and Means and the Subcommittee on Health and the Environment (Rogers) of the House Committee on Interstate and Foreign Commerce in general support of H.R. 3 (sponsored by Rep. Rostenkowski and Rep. Rogers). The legislation is designed to strengthen Federal efforts in dealing with fraud and abuse in Medicare and Medicaid.
- . Rural Health: Department officials will testify on Monday, February 28, before the Subcommittee on Health (Rostenkowski) of the House Committee on Ways and Means on Medicare policy relating to reimbursement for services provided by physician extenders practicing in rural clinics.

### PUBLIC ANNOUNCEMENTS

#### Cancer Control

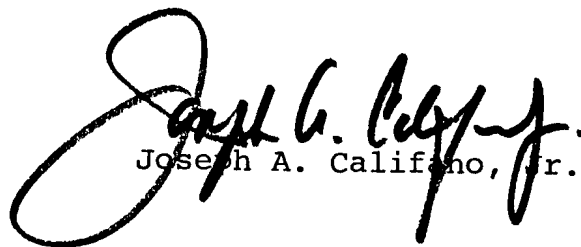
7  
HEW's Region II in the New York City area will send a letter to the Governor of New Jersey announcing a massive cancer control program for that State. The effort will involve the Environmental Protection Agency, the Energy Research and Development Administration, and the Department of Labor. HEW will serve as the lead agency. The program will seek to determine reasons why New Jersey has one of the highest cancer rates in the United States.

Poverty

The Secretary of Commerce and I will jointly release next week the Survey of Income and Education, which was mandated by Congress as part of the Education Amendments of 1974. This survey shows that there was a significant regional shift between 1969 and 1975 in the proportion of school-age children living in poverty. In the South, both the proportion and the estimated number of children living in poverty declined. In the East, the North Central States and the West, both the proportion and the estimated number rose.

The following table shows how the proportion of poor children residing in each of the four major regions has shifted:

<u>Area</u>	<u>1969</u>	<u>1975</u>	
United States, Total	100.0 percent	100.0 percent	
Northeast	16.2 percent	→ 18.6 percent	
North Central	20.0 percent	→ 22.1 percent	
South	49.6 percent	↘ 43.4 percent	<u>2X others</u>
West	14.3 percent	→ 15.8 percent	

  
Joseph A. Califano, Jr.

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THE PRESIDENT HAS SEEN.

FYI

THE SECRETARY OF THE TREASURY

WASHINGTON 20220

FEB 25 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

In addition to presenting testimony on the economic stimulus package, the Office of Tax Policy joined the Justice Department in appearing before the Oversight Committee of the House Ways and Means Committee to discuss the tax return disclosure and administrative summons provision in the Tax Reform Act of 1976.

Treasury's announcement of Administrative hearings on the tax guidelines regarding the Arab boycott (reported last week) is being withheld for the time being because of a possibility that the Ribicoff amendment to the 1976 Tax Reform Act may be repealed. An agreement may be emerging between the Congress, the Administration, the Business Roundtable, and the Anti-Defamation League on provisions of anti-boycott legislation.

Portugal this week drew \$75 million on the Treasury short term credit arrangement.

*You & Ray try to make joint recom. to Congress*

Early in March the House Ways and Means Committee will begin to examine the effectiveness of the dual jurisdiction between the Internal Revenue Service and the Department of Labor in the administration and enforcement of certain portions of the Pension Reform Act. This dual jurisdiction, created by the Congress, has been one of the most troublesome aspects of administering the law. Also, the Committee is expected to look into recent IRS, Labor, and Justice investigations of the Teamsters' Central States Pension Fund.

A recently signed agreement between the U.S. and Mexican Customs Services is now in force and provides for close cooperation between the two nations in customs matters.

At my request Congressman Jack Brooks introduced the counter-cyclical revenue sharing portion of the stimulus package. Hearings on the program begin next week.

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Earlier this week I hosted a breakfast with the Senate Finance Committee and established a good working relationship with them on the tax/revenue sharing portion of the stimulus package.

*Impact on inflation?*  
Regulation Q, the temporary authority which sets ceilings on interest paid by commercial banks and savings institutions on deposits, will expire March 1 without completion of Congressional action to extend it. This expiration should not cause problems since there will be an extension of the Regulation. The extension, however, is part of the overall issue of financial institutions reform.

*Mike*

W. Michael Blumenthal

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THE PRESIDENT WAS SAID.



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

February 18, 1977

MEMORANDUM TO THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

The Office of Tax Policy has completed the preparation of the tax and countercyclical revenue sharing portions of the economic package. Draft bills were sent to the Congress.

Policy recommendations concerning fiscal reform issues are being prepared for you. These relate to reform of the American credit system and those financial institutions which operate in it, i.e., commercial banks, savings institutions, credit unions, etc.

The Department has been notified that New York City will seek a \$255 million draw-down under its seasonal line of credit. Also, we are continuing to monitor the negotiations concerning financing of the \$1 billion payment to moratorium note holders. At the moment fairly wide differences of view exist between the banks on the one hand and the city, unions, and MAC on the other. Each side is requesting the Administration to intervene to support its position.

Our Office of Budget and Program Analysis has been actively studying the technique of zero-based budgeting and we are currently running a demonstration project with the Bureau of the Mint to restate their FY'78 budget request on a zero-based budget. Our experience thus far indicates that zero-based budgeting is fully compatible with our basic budget development framework, the Financial Resource Management System, which stresses the integration of budget and planning.

Treasury is planning to announce next week that Administrative hearings will be held on tax guidelines relating to the Arab boycott. Review of the guidelines is designed to bring them more into conformance with Congressional intent with the Tax Reform Act of 1976 and creating a better atmosphere on the Hill for moderate boycott legislation.

The IRS reports that the inventory of Presidential appointee tax checks continued to decrease this week.

We are advised that Canadian Prime Minister Trudeau intends to discuss tax deductions for attending foreign conventions during his meeting with you next week. A briefing paper is being trans-  
mitted separately to your staff.

As you know, the House Ways and Means Committee reached agreement on the economic stimulus package with a number of changes. Apart from changes to the business tax provisions, the modifications by the Committee were not substantial.

I am scheduled to appear on the "Today Show" on Wednesday morning.

A handwritten signature in cursive script that reads "Mike".

W. Michael Blumenthal



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

February 27, 1977

MEMORANDUM TO: THE PRESIDENT  
FROM: Jack Watson *Jack*  
RE: CABINET SUMMARIES FOR  
WEEK OF FEBRUARY 21 - 25, 1977

The attached summaries have just been received  
from the following Departments:

Agriculture

Justice

Energy

Labor

HUD

Commerce

Interior

Defense and Transportation.

Also attached is Brock Adams' memorandum on the  
200-Mile Fishing Limit Enforcement which he requests be  
discussed at the meeting.

Respectfully,

Attachments

JHWJr;ply

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THE WHITE HOUSE  
WASHINGTON

February 25, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM SCHLESINGER  
SUBJECT: Weekly Activities Report

Public Participation in Energy Plan

- ° There will be issued early next week a press release and Federal Register notice requesting general comments and reaction about specific issues being considered in the comprehensive plan. To this end:
  - ° ERDA will assist in the outreach and subsequent compilation and analysis of the material obtained;
  - ° Staff is also planning a series of informal meetings with a wide spectrum of groups -- consumer, labor, environmental, governmental, industrial etc. -- to obtain inputs for formulating the national energy program;
  - ° The Federal Energy Administration will schedule a number (approximately 10) regional town hall meetings to obtain public input;
  - ° Further public participatory activities will be developed for now and after April 20, 1977.

Energy Department

- ° Developing final legislation for presentation Tuesday to the Congress for establishing the Energy Department;
- ° To provide a national energy policy to meet the short and long term energy problems of the Nation.

Energy Policy

- ° Preparation of option papers related to energy policy for your presentation to Congress on April 20th, to cover:
  - ° Strategic Petroleum Reserve;
  - ° Rationing and contingency plans in the event

of a substantial interruption of petroleum supplies;

- Increase of renewable energy sources (tax credit for installation of solar hot water, heating and cooling systems; use of solar energy in Federal buildings; use of solid waste as an energy source; use of geothermal resources);
- Improved energy efficiency in appliances (including measures relating to gas lamps and pilot lights);
- Building program (standards to be used, loans to homeowners and measures to be endorsed).

#### Federal Energy Administration

- The Federal Energy Administrator and the Chairman of the Federal Power Commission, as Administrator of the Emergency Natural Gas Act of 1977, are working together to obtain additional supplies of natural gas from intrastate gas markets. Meetings are being held with prospective suppliers of gas (principally the electric utilities in the Southwest, refineries that use natural gas as a refinery fuel and other large industrial users that have an alternate fuel capacity) to explain the continuing nature of the gas shortage problem, to request their cooperation and to explain the procedures by which they can receive full compensation for the gas they agree to make available to the interstate market;
- FEA site selections were made on the first two strategic petroleum reserve storage sites and funds were transmitted to the Corps of Engineers to purchase:
  - Bryan Mound - 160 MMB total storage capacity;  
\$17.4 million site acquisition cost;
  - Bayou Choctaw - 94 MMB total storage capacity;  
\$22.5 million site acquisition cost;
- Purchased two pipeline rights-of-way at Bryan Mound and began construction across Jones Creek and the Brazos River diversion channel;
- The Strategic Petroleum Reserve Plan was formally submitted to Congress on February 16th. The 45 day review period will expire on or about April 7th;

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- ° Filed formal testimony with the New York Public Service Commission on Case 26974 -- proceeding on motion of the Commission as to the comparative economics of nuclear and fossil fuel generating facilities. Focus of the testimony is on the nature of existing data on productivity and their use in predicting future productivity, the causes of productivity losses, actions which can be taken to improve powerplant performance and the relative future of coal and nuclear powerplant productivity;

- ° Construction orders were issued to 20 electric utility powerplants in 13 States requiring that they be designed and constructed with coal-burning capability. Once built and operating, these plants will generate 10,329 MW of power and burn 29 million tons of coal per year, the equivalent of 106 million barrels of oil;

- ° Awarded a contract to the National Governors Conference to select eight States for in-depth energy facility siting analysis and make recommendations to FEA concerning future national siting legislation;

- ° Coordinated a briefing of Federal work group members by Montana State officials regarding the FEA sponsored coal gasification plant studies and potential use of surplus property as a site.

#### Energy Research and Development Administration

- ° Testified to the full House Science and Technology Committee on ERDA's FY 78 budget, and defended in questioning, the Administration's shifts and priorities.



WITH TRANSMITTAL MAIL ENCL.

DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

C

February 25, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson  
Secretary to the Cabinet

SUBJECT: Weekly Report

The Department can institute--within 45 to 60 days--a program to assist rural residents in winterizing their homes. Administrative agencies--Farmers Home, Rural Electrification--are in place, minimizing costs. Project would be accomplished through unsubsidized loans to limit budget impact. (Additional information attached.)

Eleven departmental advisory committees were dissolved: Six were discontinued immediately; five will terminate under the "sunset" provisions of the Advisory Committee Act.

Effective August 18, Swift and Company will close five plants primarily engaged in the slaughtering of sheep. Only eight sheep-slaughtering plants will remain in the western States. Consumer and producer impact has not yet been determined.

Discussions were held with representatives of the European Community on mutual agricultural problems.

We are preparing a departmental position on the National Security Council's paper on developing countries.

March 4 is the deadline for public comments on new OSHA standards on exposure to cotton dust. The industry is opposed to the new standards.

House agriculture appropriations hearings continue. I will be testifying Tuesday, March 1. General farm legislation hearings have begun in the Senate. I am scheduled to appear March 15.

BOB BERGLAND

Attachment

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A cooperative effort of the Farmers Home Administration, Rural Electrification Administration, and the National Rural Electric Cooperative Association to weatherize homes throughout rural America to conserve significant amounts of energy with additional health and economic stimulation benefits, could be operational within 45-60 days.

Financing is available from FmHA, and the extensive REA network provides necessary access to rural homeowners, as well as a system for administering the loans, screening contractors and the information distribution system necessary to promote a successful national effort.

The cooperation between FmHA and REA minimizes the administrative costs of the loan program which could become a revolving fund for continuing energy-efficient home improvements. The homeowner loan of an estimated \$500 should be paid within five years and in that time frame energy expense savings should pay a large portion of that cost.

Estimates of energy savings of between 25 and 60 percent have been made. In addition, economic stimulation in construction related industries and home environments which promote better health are additional benefits.

Based on the successful experience of one Colorado cooperative, the maximum loan commitment would be in the \$1 billion range -- 2 million homes at an average cost of \$500. Since these are unsubsidized loans, the net effect on the Federal budget, even assuming higher than average default rates, would be minimal. Also, an Oklee, Minnesota, experiment was examined but the funding was based on grants and therefore not comparable to this proposed program.

U. S. DEPARTMENT OF LABOR

"INFORMATION"

OFFICE OF THE SECRETARY

WASHINGTON

C  
/

February 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL

*Ray Marshall*

SUBJECT: Major Departmental Activities for February 19-25

*RA*

EMPLOYMENT AND TRAINING

Economic Stimulus Package

HIRE (The voluntary employment program for Vietnam veterans and other disadvantaged groups)--The Business Roundtable will actively participate in the program. I met with representatives of the Business Roundtable this week and will meet with the full group on March 1. It is expected that the full membership of a HIRE Steering Committee will be selected following that meeting. This Steering Committee will represent business at the White House Conference planned to "kickoff" the program.

Public Service Employment--The regulations expanding Title VI of CETA are being readied for publication in the Federal Register. In the meantime, the Employment and Training Administration has been training staff of the 446 CETA prime sponsors.

Budget--A House Appropriations subcommittee began work on the 1978 Carter Administration budget for employment and training programs. There was a largely favorable response to the employment and training aspects of the Economic Stimulus Package--particularly expanded public service employment, veterans and youth programs and special training initiatives.

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#### Disaster Unemployment Assistance (DUA)

Initial reports from an investigation in Florida reveal that while some problems exist in the payment of Disaster Unemployment Assistance benefits, they are not nearly as widespread as had been reported. The investigation is being carried out by a team representing the Department of Labor, the House Ways and Means Committee and the State of Florida.

#### Federal Supplemental Benefits (FSB)

On February 23rd, a House Ways and Means subcommittee reported out a bill (H.R. 3723) that extends the Federal Supplemental Benefits program beyond its March 31st expiration date. The bill differs in several important ways from the Administration's proposal. It does extend the program for a year as the Administration requested, but it does not reduce the current 65-week maximum benefit period to 52 weeks. In addition, it advances a new, more limited, definition of what is "suitable work" that FSB recipients must accept. A third provision allows local FSB programs in states that do not otherwise qualify. On the question of financing, the bill calls for general revenue financing--but only for benefits paid after March 31, 1977.

#### TEAMSTERS CENTRAL STATES PENSION FUND

This week the Department of Labor presented our requirements to the Teamsters. They call for the resignation of the four "hold over" trustees (including Frank Fitzsimmons), require a majority of neutral trustees and the initiation of proper asset management procedures. The Teamsters made a counter offer. They are willing to turn over all asset management to outside investment counselors, but insist that the current "hold over" trustees perform all other functions. In effect, the Teamsters have rejected two of the Government's three demands. The Teamsters' proposal to turn over asset management to outside counselors (if implemented) complicates legal matters somewhat. It makes prosecution slightly more risky, but, in our judgment, the facts and the notoriety of the Fund's behavior justify the risks. Therefore, we anticipate going into court against the Teamsters by April 1.



(In the interim, we will review the case with the Justice Department, the IRS and outside counsel recommended by the Attorney General). In order to successfully prosecute this case, we must forge a joint position with IRS.

#### ERISA (EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974)

I have just finished reviewing important new pension regulations. These include a "Statement of Rights" and an easy-to-understand summary of pension, health and welfare benefits. I was startled to discover the initial ERISA legislation required these regulations to have been issued in 1975. Even after this delay, the regulations, which are themselves clear and concise, were preceded by an incomprehensible preamble. While further delay will unfortunately cause anxiety for pension managers and recipients, I felt obligated to order that the preamble be rewritten in clear language. As a result of this experience, we are now revamping the procedures for the development of regulations and the style in which they are written.

#### INTERNATIONAL LABOR ORGANIZATION

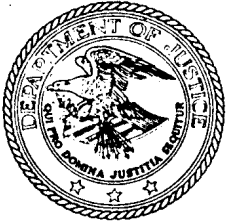
In a joint statement on February 15th, I, along with the Secretaries of State and Commerce, reaffirmed U.S. intentions to withdraw from the International Labor Organization unless the Organization alters its policies of recent years.

#### OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

A comprehensive internal evaluation of the Office of Federal Contract Compliance Programs has been initiated. This is in keeping with the Administration's priority of the prompt reorganization of federal civil rights activities. This evaluation will consider the OFCCP's goals, organizational structure and performance.

#### UNDOCUMENTED ALIENS

As you already know, I outlined the general orientation of the Administration's approach to the problem of illegal aliens in an interview with the Los Angeles Times which was published on February 22nd. The article contained several errors of fact which our press office has tried to rectify. I will be working very closely with the Attorney General and the Secretary of State in developing policy and legislation in this area. To present our approach in the most favorable manner, I will be discussing this issue in press interviews and public speeches in the weeks ahead.



## Office of the Attorney General

Washington, D. C. 20530

February 25, 1977

### MEMORANDUM FOR THE PRESIDENT

Re: Principal activities of the Department of Justice for the week of February 21 through 25

#### 1. FBI Select Committee

The members of the FBI Select Committee met in the White House to begin implementing their search of finding a new FBI director.

#### 2. Congressional testimony

The Attorney General testified before the Committee on Ways and Means, Subcommittee on Oversight regarding Sections 1202 and 1205 of the Tax Reform Act of 1976. These sections deal with enforcement of summons for information by the Internal Revenue Service and with disclosures of tax returns.

#### 3. New arrivals

Daniel J. Meador, Assistant Attorney General designee, Office for Improvements and Administration of Justice; Drew Days, Assistant Attorney General designee, Civil Rights Division arrived this week.

#### 4. Meetings

The Attorney General met this week with a number of individuals and groups to discuss their concerns and priorities for the Department of Justice. These include: the executive committee of the National Association of Attorneys General; the executive committee of the Metropolitan Association of District Attorneys; representatives of the Lawyers Committee for Civil Rights. In addition, separate

luncheon meetings were held with judges of the United States District Court and Circuit Court for the District of Columbia and the Justices of the Supreme Court. The Attorney General had a breakfast discussion meeting with about 30 columnists and reporters in Washington.

On Saturday, February 25, the Attorney General is to address the Virginia Law Review annual meeting in Charlottesville, Virginia.

All of the now-named Presidential appointees in the Department of Justice, including Solicitor General designee McCree, proposed Deputy Flaherty, Assistant Attorneys General designees Days, Babcock, Civiletti, and Wald met with most of the members of the Senate Judiciary Committee and the Attorney General for breakfast in the Department of Justice Friday. On Monday, the Attorney General accompanied Mr. Flaherty to the Capitol to visit with a number of Senators concerning his appointment.

#### 5. Civil Rights

In Cleveland, Ohio, United States District Judge Battiste has recently entered an order inviting the Department of Justice to enter the remedy stage of the Cleveland school desegregation case. Assistant Attorney General designee Drew Days and other members of the Civil Rights Division met this week with attorneys and school board members representing both sides of the litigation to consider their point of view on Judge Battiste's invitation for the Department to enter the case. The matter is under consideration.

The Supreme Court granted certiorari this week in the Bakke case, which involves a state Supreme Court holding that a Davis, California medical school plan for affirmative action as to minority admissions was unconstitutional in violation of the Fourteenth Amendment. Assistant Attorney General designee Drew Days and other members of the Civil Rights Division met with representatives of interested parties and amicus groups to consider their request that the Department of Justice file a brief in support of their position. The matter is under consideration.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

February 25, 1977

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental  
Activities

The following are brief descriptions of significant activities of the Department of Housing and Urban Development.

Legislation. The following bills were cleared by OMB, revised where necessary and transmitted to Congress:

- (1) A one-year extender of FHA mortgage insurance and related authorities.
- (2) A bill which would provide supplemental authorizations for fiscal year 1977, for important Department programs, including the Section 8 housing assistance payment programs.
- (3) A bill which would provide funding and other authorizations required to support HUD programs in fiscal year 1978.
- (4) A one-year extender of the National Flood Insurance Program.

Hearings. The feedback on hearings this week, conducted by the House Subcommittee on Housing and Community Development, has been generally favorable. However, we were unable to present the draft Community Development Block Grant bill, on which we testified, to the Committee because of the failure of OMB to approve the language in the Bill. Preliminary reports indicate that the Subcommittee will support all but perhaps one of the Department's proposals in the FY 1977 supplemental appropriation request.

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for Preservation Purposes**

Flood Insurance. Flood insurance activity has been particularly high in the six states identified as having the highest flood risk, with 74,000 policies sold since December 31, 1976. These sales have increased the in-force insurance count for these states by almost 60 percent. Many communities previously not participating in the program have joined the Flood Insurance Program and a number of others are in the process of joining. This growth is directly attributable to the combined efforts of Federal, State, and local governments and also, certainly, to your announcement of February 15, encouraging the purchase of HUD insurance.

Public service announcements will be mailed to radio and TV stations in areas of highest risk on or about February 25.

Emphasis on Housing Production. The Department is placing renewed emphasis on the need to begin actually producing assisted housing units. All Field Office Directors are being asked to examine the projects currently in the "production pipeline" to determine which are likely to move forward to construction and which should be cancelled. Funds released through cancellations will be reassigned as quickly as possible to viable projects. In order to assure maximum productive use of the Section 8 housing funds currently available, the Department has issued new instructions to the field, indicating that Section 8 funds now available are not to be set aside for Section 202 projects which have not reached the loan reservation stage. Although we must use Section 8 subsidies "piggy-back" with Section 202 loans if we are to provide housing for low-income elderly families, these additional subsidies can be made available when we have our FY 1977 supplemental appropriation. In the meantime, these instructions will release a substantial amount of Section 8 contract authority for projects which can be expected to move forward more quickly. HUD personnel and qualified professionals from outside the Department will provide technical assistance wherever necessary to ensure quick, but complete processing.

Exclusion of Community Development Block Grant Recipients from North Carolina Food Stamp Program. In January, HUD was advised that food stamp recipients and applicants in North Carolina could be adversely affected if they receive rehabilitation grants under the Block Grant program. Department of Agriculture policies require that the

rehabilitation grants be counted as income, which would affect food stamp recipients' eligibility. A check with the Department of Agriculture confirmed the fact that food stamp legislation does not exclude the Department's Block Grant Program from income computation unless measures are taken by the agency administering the rehabilitation grant to insure that the funds are never received directly by the recipient (e.g., must be placed in an escrow or trust account).

Since the policy is not statutory, we were able to work with USDA to have a policy letter issued to the eight Southeastern states. The nature of a rehabilitation grant has been clarified and USDA has stated that it does not want to exclude grant recipients from the food stamp program. HUD also will issue instructions to its offices in the eight states so that rehabilitation funds will be placed in an escrow or trust account, and not provided directly to recipients.

HUD-Department of Justice Conference. On Monday, February 28, HUD and the Justice Department will hold a joint seminar to explore better ways of dealing with criminal actions in HUD programs. Staff from both Departments will discuss new legislation, new investigative techniques and procedural changes affecting both the U.P.S. attorney's offices and HUD programs. The two Departments have selected 27 target cities and, thus far, have been very successful in joint efforts to combat white collar crime. Since 1972, there have been a total of 1,042 indictments resulting in 955 convictions in HUD-related matters.

  
Patricia Roberts Harris



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February 25, 1977

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REPORT TO THE PRESIDENT

SUBJECT: Department of Commerce Priority Issues

The following actions and issues are currently of priority concern to the Department of Commerce (DoC).

ACTIONS

- o DoC/HUD Activities. The differences between DoC (EDA) and HUD on economic development initiatives in HUD's new legislation mentioned in last week's report have been largely resolved. Also, as the lead Department, we are working with representatives at HUD on the planning and coordination for the White House Conference on Balanced National Growth and Economic Development. I believe that there should be no expansion of existing economic development programs or initiation of new ones before a thorough review, such as that contemplated in the White House Conference, is complete.
- o Long-Range Priorities. Today I begin a series of meetings with DoC policy officials on establishing long-range policy, management, and political priorities for the Department. I am concerned that the rush of short-run problems could prevent us from setting new, long-term policy directions.
- o Recombinant DNA Research. At the request of Joe Califano I have ordered the Patent Office to suspend the accelerated processing of patent applications relating to genetic research. The offer of accelerated processing, which had been initiated on January 13, will be reconsidered by DoC after review by the Federal Interagency Committee for Recombinant DNA Research.
- o Breakfast Meeting with Jack Watson. Recognizing the importance of a continuing exchange with the White House, I invited Jack Watson to participate in a Friday breakfast meeting with me and members of the senior staff. The purpose of this meeting was to become better acquainted with White House operations and to have the opportunity to talk with Jack on matters of mutual interest. We have been concerned, for example, about the need to develop procedures to ensure coordination among Departments on policy issues in order to avoid conflicts. We also had questions regarding the future roles of Advisory Committees, given your interest in decreasing the number of such committees, and their relationship to the effectiveness of the Department's regional operations.



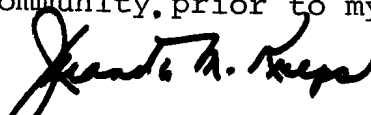
ISSUES

o 1976 Fishery Conservation and Management Act. A House Subcommittee has postponed action on Governing International Fishery Agreements (GIFAs) to permit EEC nations, Spain, Japan, and Korea to continue restricted fishing within the new 200-mile U.S. fishery zone after the Act goes into effect on March 1. Questions have been raised as to whether an interim agreement with Japan contains adequate safeguards against excessive fishing by the Japanese fleet. Failure of Congress to act prior to March 1 would result in prohibiting vessels from these countries from fishing these waters until the amendments are passed by the Congress. I am discussing with Cy Vance and Brock Adams the possibility of exercising administrative discretion and allowing restricted fishing to continue for a specified few days beyond March 1.

o Local Public Works. The House voted yesterday to approve authorization for the public works portion of the economic stimulus package. A floor amendment changed the state allocation formula in a way which reduces the targeting of funds to states with high unemployment rates. This change was not favored by the members of the Public Works Committee, and we are hopeful that it can be removed in conference. The Senate bill likely will come up for a floor vote March 8 or 9. Two particular problems are the inclusion of an EDA-administered youth conservation corps, which we oppose, and Senator Muskie's two-year, \$9 billion authorization for waste water treatment, which at the very best we will want to amend. We will work with Frank Moore in an intensified lobbying effort to resolve these problems.

o Tuna Fishing Industry. On February 24, DoC announced new regulations, to become effective in mid-April, concerning tuna fishing under the Marine Mammal Protection Act. On the same day, the tuna fishermen effectively lost their legal effort in the U.S. Court of Appeals for the 9th Circuit (San Francisco) to fish on porpoise between now and the effective date of the new regulations. We have been advised that the American tuna fleet has been recalled to port, and an effort to accomplish a mass transfer to foreign flag registration is contemplated--all in an effort to have the Act amended. I am meeting with representatives of the tuna industry on March 1. Congressional hearings on this matter may be called for March 2. This is likely to be a highly visible and controversial issue.

o Arab Boycott. We continue to engage in discussions with the Departments of State, Treasury, and Justice with respect to a recommended Administration position on Arab boycott legislation. As you know, Secretary Vance testifies before Congress on February 28 and March 1. I anticipate that my own testimony will follow during the week of March 7. I intend to consult privately with members of the business community prior to my testimony.

  
Juanita M. Kreps